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A CANADIAN SCHEME

OF

AGGRESSION

UPON

AMERICAN COMMERCE,

AND HOW IT SHOULD BE TREATED.

BY

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INTRODUCTORY REMARKS.

The chief object had in view in the preparation of this article has been to present the constantly growing and now clearly developed necessity for a thorough rectification of our commercial relations with Canada, if not, indeed, for a radical change of policy regarding our Canadian relationships generally.

The almost absolute freedom of restraint which marked the beginning of the "transit trade" has been found to be in important particulars incompatible with a proper administration of our Interstate Commerce Act. The railroad political policy maintained by Canada during the last twenty years has shut railroad extension by American companies out of the Dominion, while Canadian companies have been enabled under the provisions of general railroad laws of our border States and by persistent entreaty at the doors of State legislative halls to gain every year some new favor. By dint of almost unremitted begging, the Treasury Department has also been coaxed into the granting of favors to Canadian railroads, until dutiable goods may be transported through Canada with even less restraint of our customs regulations than is imposed upon American railroads. The whole situation of affairs lacks those essential elements of reciprocity, which should always characterize international arrangements, both of treaty and of comity.

The Treaty of Washington, by a blunder or a fraud, gives to Canadian railroad companies the right to transport goods from one point in the United States, through Canadian territory, to another point in the United States, without payment of duty, but omits to give to American

railroad companies the reciprocal right of transporting goods from one point in Canada, through the United States, to another point in Canada, without payment of duty.

For several years past the Dominion government has granted a rebate of 18 cents a ton on grain passing through the Welland Canal in favor of export *via* Montreal, although the practice is held in this country to be clearly in violation of Art. XXVII of the Treaty of Washington. Although Canadians are constantly shipping merchandise across the territory of the United States, even to the value of $40,000,000 a year, free of duty, the Dominion government still refuses to allow American fishermen to ship products of the sea fisheries across Canadian territory free of duty. But the most vexatious and injurious disturbance of the natural interaction of commercial forces has arisen from the construction of the Canadian Pacific Railway, by means of a governmental subsidy of over two hundred million dollars, in connection with heavily subsidized steamer lines across the Atlantic and the Pacific, which steamers receive additional British Admiralty subsidies in consideration of the fact that they are so constructed as to be available as armed cruisers. These warlike features of a political scheme for turning trade out of the natural channels are accentuated by a formidable British military establishment on the Pacific coast.

The uncertainties which characterize our Canadian relationships and the audacious and persistent course of the Dominion government in taking advantage of such uncertainties and of using the full force of its political power in the direction of diverting American commerce has led the United States Senate to assign to two of its committees, within the limits of their respective spheres, the duty of investigating and reporting upon our Canadian relationships. The awakened sense of our people in regard to this matter has also thrown a weight of responsibility upon the present administration of the Government.

The nation is now confronted by conditions at the North which far outweigh any possible American interests which may be involved in the internecine struggles of unenlightened and barbarous people upon isles of the sea with which our commercial and political relationships are of comparatively insignificant value.

Any line of policy which fails to guard the commercial and political interests of the United States against Canadian encroachment or which does not fully and fittingly respond to every act of aggression on the part of the Dominion government will be lacking in prescience and in courage.

A CANADIAN SCHEME OF AGGRESSION.

A most audacious proposition has within a few days been made by the Canadian Pacific Railway officials. The managers of that line, built for political purposes inimical to the United States, and with the object of diverting American commerce from American steamer lines, American seaports, and American railroads, have come up here and asked that the Secretary of the Treasury shall so exercise his discretion in the conduct of the "transit trade" as to place their road upon terms of perfect equality with American lines, or, in other words, enable it to establish connections for tapping American transportation lines and diverting commerce from American cities. It is proposed, in this connection, briefly to consider the true character of this new and glaring instance of Canadian presumptuousness.

The Canadian Pacific Railway is a political and military enterprise, conceived and carried to execution for the purpose of accomplishing the following objects:

First. Politically to unite the four disconnected blocks of inhabited territory comprising the Dominion of Canada.

Second. To cause these four sections of the Dominion to trade among themselves instead of trading with the United States.

Third. To suppress the growth in Canada of a sentiment favorable to annexation to the United States.

Fourth. To divert as much as possible of the internal and foreign commerce of the United States from American transportation lines and American cities.

Fifth. To serve as a line of military communication between the different parts of the Dominion.

Sixth. To promote the scheme of British Imperial Confederation, to which the leaders of the Dominion Government are devoted.

These several objects were fully discussed throughout the Dominion when the proposition to construct the road was under consideration, and an appreciation of their political importance led to the accomplishment of the enterprise.

Sir John A. Macdonald, the Premier of Canada, and chief promoter of the Canadian Pacific Railway, declared a year ago to the editor of the *Pall Mall Gazette* that his chief aim was to establish a strong government on this continent, *based upon monarchial principles*, and, at the same time, he expressed his ardent espousal of the cause of British Imperial Confederation—the Canadian Pacific Railway being the chief instrumentality for the accomplishment of both those objects.

In order to carry out its gigantic political and military scheme, inimical to the interests of the United States, the Canadian government has incurred expenditures whereby its debt has been increased from $96,896,666, in 1868, to $284,513,842 in 1888. In a word, the Dominion government, for the accomplishment of this object, has imposed upon the people of Canada, with their consent, a burden of debt proportionally as great as that assumed by the loyal people of the United States in order to preserve our Union.

The political character of the Canadian Pacific Railway is indicated by the fact that it has received from the Dominion government the following subsidies :

Cash and concessions which became available as cash	$105,000,000
Bonds and stock guaranteed by the Dominion government	110,000,000
Total subsidy	$215,000,000

President Van Horne of the Canadian Pacific Railway was compelled to own up to this entire subsidy before the Interstate Commerce Committee of the United States Senate at its last session in New York.

Recently there has appeared a statement, which I have not yet been able to verify, that during its late session the Dominion parliament appropriated $53,000,000 for railway subsidies.

The total cost of the Canadian Pacific Railway, with its equipment, plant, &c., &c., was, however, only $165,000,000. The total stock, bonds, and liabilities of the road amount to only $121,000,000.

The enormous subsidy granted to this Company so greatly in excess of the cost or capital of the road has enabled it to enter upon bold schemes for the capture of American commerce. This it has done and is now doing.

A steamer line has been established on the Pacific with a subsidy of $300,000 a year as against $16,750 paid by the United States Government for the carriage of our Asiatic mails. Besides, the Dominion government has just granted a subsidy of $500,000 a year to an Atlantic steamer line to operate from St. Johns, N. B., or Halifax, upon the completion of the Canadian Pacific line soon to be opened across the State of Maine.

These steamers on the Atlantic and the Pacific will also receive "Admiralty" subsidies from the British government, in consideration of which fact they are all to be so constructed as *to be available as armed cruisers in the event of war.*

The political and military character of the Canadian Pacific enterprise is also clearly indicated by the formidable fortress and naval station within sight of our shores at Esquimalt, on the Island of Vancouver. A prominent officer of the British Navy declares that this establishment "holds a pistol at the head of San Francisco." The following press despatch of the 28th inst. seems to indicate the present significance of this naval station:

IS THIS A MENACE?

VICTORIA, B. C., *May* 28.—The entire British fleet now at Esquimalt, consisting of the war ships Swiftsure, Amphion, and Icarus, have received orders to proceed to Behring Sea. They will sail June 10.

Already the United States Government has been forced to take the preliminary steps toward the erection of a naval and military station at the entrance to Puget Sound, which is now totally unprotected against attack. Surely it is time for us to awake out of sleep.

The commercial and political attitude of the Canadian Pacific Railway towards the United States is quite the reverse of that of the Grand Trunk Railway. The latter has received from the Dominion government only $25,607,393, its total cost having been $247,507,366, whereas the Canadian Pacific has received aid from the Dominion government to the amount of $215,000,000, its cost having been only $165,000,000. Again, the Grand Trunk carries a large amount of American produce through Canada and to Montreal for export, but it also brings to American lines and to American seaports, chiefly New York, Boston, and Portland, Maine, a large amount of traffic. Through these ports Canadian commerce, to the amount of about $40,000,000 a year, is carried on. But the Canadian Pacific is reaching out for all the American commerce it can get, and it proposes to wheel it through the forests of Maine over its rail line in that State, subsidized at the rate of $186,000 a year, and connecting with a steamer line to Europe, subsidized to the amount of $500,000 a year, thus cutting off New York, Boston, and Portland, and their tributory railroads, from the benefits they enjoy of the "transit trade" through the Grand Trunk and its connections in this country.

On the West our Asiatic commerce is also being cut off from San Francisco and from our trans-continental railroads by the sheer force of Canadian and British subsidy,

amounting for the one railroad to more than four times as much as the total amount of aid granted by the United States Government to all our trans-continental railroads.

But if Canada, with a population of less than six millions, can afford to pay nearly ten millions of dollars a year interest on a debt of $284,513,841, contracted mainly for the purpose of preventing her own citizens from trading with the United States and of capturing a large part of the internal and foreign commerce of the United States, surely the United States with more than ten times the population, and probably twenty times the wealth ; and, hopefully, an equal degree of patriotism, ought to be able to defend itself against Canadian aggression.

The present proposition to place the Canadian Pacific in our international traffic arrangements on the same plane with our American lines is manifestly absurd.

The whole Canadian Pacific Railway scheme, with its Esquimault fortress and its subsidized steamer line "armed cruiser" appurtenances, vividly call to mind one of the strongest points made by our forefathers in their grand indictment of the King of Great Britain in 1776, viz., that he had "given his assent to legislation for cutting off our trade with all parts of the world." This is just what Canada, in her own peculiar way and to the extent of her power, is now doing. The present proposition that the United States Government shall aid Canada in working her sweet will in diverting the internal and foreign commerce of this country is enough to make the blood of every true American boil with indignation. It would be much more sensible and patriotic for us to devise some plan of discrimination against Canadian and British aggression. That is an obvious duty of the hour.

The assertion that the Canadian Pacific line is shorter and, therefore, a cheaper route than any one of the American lines, is utterly false and absurd. The Canadian Pacific is simply a British slugger in American commerce, driving traffic out of its natural channels by the sheer force

of subsidy. It has very appropriately been termed the Canadian Government on wheels. To call it "a mere commercial enterprise" is a solecism of the baldest character.

In the face of the facts just stated the Canadian Pacific officials have the audacity to come up here to Washington and ask the Secretary of the Treasury to use his discretionary power over the "transit trade" in order that they may be enabled to loot upon the internal and foreign commerce of the United States. The time is especially unfavorable for such an attempt in view of the difficulties which are being met in carrying out the provisions of our Interstate Commerce Act, on account of the unrestrained condition of the Canadian roads and their disposition to take advantage of their extra-territorial opportunities for depredating upon the American roads. Even now the Grand Trunk is violating a clearly expressed agreement with the American lines. The "cut" in its favor thus secured may lead to a railroad war and the demoralization of commerce.

The inopportunity of the present petition of the Canadian Pacific is also marked by the fact that only a few weeks ago the Dominion government renewed its "Order in Council" allowing a rebate or discrimination of 18 cents a ton in tolls on all American grain *shipped* to Montreal, which action the Hon. Nelson Dingley, jr., of Maine, on the floor of the House of Representatives, showed a year ago to be clearly and flagitiously in violation of Art. XXVII of the Treaty of Washington. The Dominion government may expect to be called to account for this infraction of Treaty agreements before its *alter ego*, the Canadian Pacific Railway, becomes the beneficiary of privilege from this Government.

The whole story of Canadian aggression upon American commerce may be told in a few words. From the time when the Welland and St. Lawrence Canals were opened the United States has adopted a policy of perfect recipro-

city of transportation facilities toward Canada, in what is commonly known as "the transit trade." Passage through either country has been allowed without any impediment of customs duties, over lines partly in one country and partly in the other, and forming direct routes of transportation between the West and the seaboard. If railroad construction in the two countries had been left to the interaction of commercial forces, that policy might have been permitted to go on undisturbed. But the Dominion government has seen fit to throw the full force of its political and financial power into the struggle and given it an entirely new character. Besides, the Dominion government has all along taken large advantage and small advantage of every opportunity to encroach upon the commercial interests of the United States by discriminations in favor of the people and the transportation lines of Canada. That government obstinately refuses to allow citizens of the United States to go to the relief of American vessels in Canadian waters—a right of common humanity—and it also persistently refuses to allow fish caught by American fishermen on the high seas, to be transported free of duty across her territory, while Canadians are, every year, shipping millions of merchandise across our territory free of duty. The story is one of international relationships between a small country whose foreign policy is shrewdly commercial and a large country whose foreign policy is ingenuously political. At last we are confronted by a politico-military policy regarding the conduct of commerce, such as characterizes the commercial relations existing between contiguous countries in Europe. Our Northern neighbor has thus forced us to the consideration of a new line of international policy which shall provide adequate securities for the honor, the dignity, and the interest of the United States.

JOSEPH NIMMO, JR.

WASHINGTON, D. C.,
May 31, 1889.